

1968 ANNUAL REPORT

ANHEUSER-BUSCH, INC.





MICHELOB

... is available in bottles, cans and on draught. In its distinctive bottle and can, it is sold in six-packs and by the 24-unit case. On draught and in bottles, Michelob is featured by some of the most famous hotels and clubs in this country.

BUDWEISER

... is available in bottles, cans and on draught. Both bottles and cans are available in six-packs and by the case.

BUSCH

... is available in bottles, cans and on draught. Packaged in bottles and cans, it is available in six-packs and by the case.

The A & Eagle design,

Budweiser, Bud,

Michelob,

Busch,

are registered

trademarks of

ANHEUSER-BUSCH, INC.





Annual Report to Shareholders of **ANHEUSER-BUSCH, INCORPORATED**

SAINT LOUIS, MISSOURI

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On the front cover: A view of the front gate at Grant's Farm in St. Louis County. The A & Eagle is not part of the gate at all times, but is used in this fashion for Budweiser television commercials. Thus this scene is familiar to millions of viewers across the country.

STOCK TRANSFER AGENTS

ST. LOUIS UNION TRUST COMPANY
510 Locust Street
St. Louis, Missouri

CHEMICAL BANK NEW YORK TRUST COMPANY
20 Pine Street
New York, New York

STOCK REGISTRARS

MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION
721 Locust Street
St. Louis, Missouri

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
30 West Broadway
New York, New York

DEBENTURES—TRUSTEE, REGISTRAR AND PAYING AGENT

MANUFACTURERS HANOVER TRUST COMPANY
40 Wall Street
New York, New York

CHEMICAL BANK NEW YORK TRUST COMPANY
20 Pine Street
New York, New York

DIRECTORS

AUGUST A. BUSCH, JR.
President and Chairman of the Board
Anheuser-Busch, Incorporated

AUGUST A. BUSCH III
Vice President and General Manager
Anheuser-Busch, Incorporated

DAVID R. CALHOUN, JR.
Chairman of the Board and
Chief Executive Officer
St. Louis Union Trust Company

JOHN FLANIGAN
Vice President
Anheuser-Busch, Incorporated

A. VON GONTARD
Vice Chairman of the Board
Anheuser-Busch, Incorporated

JOHN F. KREY II
President, Krey Packing Company

H. NORRIS LOVE
President, I. R. Inc., Chicago, Ill.

J. W. McAFEE
Chairman of the Board
Union Electric Company

R. A. MEYER
Executive Vice President
Anheuser-Busch, Incorporated

JAMES B. ORTHWEIN
Executive Vice President
D'Arcy Advertising Company

FREDERIC M. PEIRCE
Chairman of the Board
and Chief Executive Officer
General American Life Insurance Company

W. R. PERSONS
Chairman of the Board and
Chief Executive Officer
Emerson Electric Company

WALTER C. REISINGER
Vice President
Anheuser-Busch, Incorporated

ETHAN A. H. SHEPLEY
Of counsel—Shepley, Kroeger and Hecker

JOHN L. WILSON
Vice Chairman of the Board
UMC Industries, Inc.

OFFICERS

AUGUST A. BUSCH, JR., *President*

R. A. MEYER, *Executive Vice President*

AUGUST A. BUSCH III
Vice President and General Manager

FRANK H. SCHWAIGER
Senior Vice President—Brewing

HENRY N. McCLUNEY, *Vice President*

ROBERT S. WEINBERG, *Vice President*

FRANK J. SELLINGER, *Vice President*

JOHN H. PAHLMANN, *Vice President*

GEORGE W. COUCH, JR., *Vice President*

CHARLES S. AULBERT, *Vice President*

JOHN FLANIGAN, *Vice President*

HUGO WANINGER, *Vice President*

OWEN RUSH, *Vice President*

RICHARD J. BENDER, *Vice President*

MELVIN H. FRITZ, *Vice President*

THOMAS R. SCANLAN, JR., *Vice President*

WALTER C. REISINGER, *Vice President*

REID McCURUM, *Treasurer*

JERRY E. RITTER, *Controller*

JOHN L. HAYWARD, *Secretary and Asst. Treasurer*

THOMAS J. CARROLL, *Assistant Secretary*

STUART F. MEYER, *Assistant Secretary*

R. A. RAWIZZA, *Assistant Controller*

THE PRESIDENT'S LETTER



February 11, 1969

To the Shareholders of Anheuser-Busch, Incorporated

The year 1968 was the most successful in the Company's 117 year history. Industry and Company records for sales and earnings were set.

Total dollar sales were \$852,604,828 as compared with \$730,487,446 in 1967, an increase of 17%. Earnings were \$44,633,766, or \$2.01 per share, as compared with \$36,194,873, or \$1.63 per share in 1967, an increase of 23%. The 10% surcharge on federal income taxes reduced earnings in 1968 by \$4,339,000, or \$.20 per share.

Beer sales amounted to 18,392,848 barrels, reflecting an increase of 18% over 15,535,390 barrels sold in 1967. This increase compares with an increase of approximately 4% for the entire United States brewing industry. Each of our brands, Budweiser, Michelob and Busch, showed increases over 1967. Our beer sales represented approximately 16% of the brewing industry sales in 1968 compared with 14% in 1967.

Operations of our non-beer divisions showed substantial improvement over 1967. However, this improvement was not sufficient to enable these divisions to operate at a profit for the year. Operations benefited from increased volume, lower corn costs and some improvement in selling prices. Sales of our non-beer divisions in 1968 accounted for 9% of corporate net sales.

THE ANNUAL MEETING

of the shareholders of the Company will be held on Wednesday, April 23, 1969 at 10:00 a.m., St. Louis time. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 15, 1969.

On December 31, 1968, the St. Louis corn processing plant was closed. This action was taken by your Board of Directors because that plant could not produce efficiently in a highly competitive industry. The costs of \$2,810,000 associated with the closing of this plant, including the write-off of undepreciated equipment, have been charged against 1968 operations.

The New Orleans table syrup and laundry starch plant was sold for cash on May 31, 1968. The output of this facility accounted for less than 1% of corporate net sales, and the operation had not been profitable.

During 1968, we continued our expansion program to meet heavy consumer demand for our beer products. The expansion of our Houston brewery was completed early in the year, and our new Columbus, Ohio, brewery was completed in June, 1968. Construction of our new brewery in Jacksonville, Florida, is on schedule and we will begin shipping beer in June of this year.

In September, 1968, we broke ground for the construction of a new brewery at Merrimack, New Hampshire. We expect this brewery to be in production by the summer of 1970.

When the projects presently under construction are completed your Company will have a total annual production capacity of approximately 23 million barrels of beer.

In April, 1968, the shareholders approved a 2 for 1 split of the Company's common stock. All per share statistics in this report are computed on the appropriate number of shares outstanding after the split.

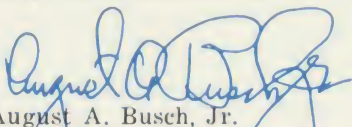
In July, 1968, Mrs. K. Siebert retired as Vice President and Secretary of the Company after 35 years of devoted service.

We regret to report the death, on December 26, 1968, of our good friend and colleague Dwight D. Ingamells, who served the Company ably for 17 years as General Counsel and Vice President and Senior Counsel.

In this report, we feature photos of new production facilities that were recently opened or are under construction. Also included are pictures of the Brewing Technical Center which works closely with the staff of the senior vice president—brewing to maintain and enhance product quality.

I want to extend to our shareholders our sincere appreciation of their confidence in and support of management. We will do our best to continue to earn this confidence in 1969.

Respectfully submitted,


August A. Busch, Jr.
President and Chairman of the Board

THE YEAR AT A GLANCE



| YEAR ENDED DECEMBER 31 | 1968 | 1967 |
|---|---------------|---------------|
| Barrels of beer sold | 18,392,848 | 15,535,390 |
| Sales | \$852,604,828 | \$730,487,446 |
| All taxes | 263,569,693 | 218,149,866 |
| Per share (Note) | 11.85 | 9.85 |
| Net earnings | 44,633,766 | 36,194,873 |
| Per share (Note) | 2.01 | 1.63 |
| Cash dividends paid by Anheuser-Busch, Inc. . . | 16,117,447 | 13,146,457 |
| Per share (Note) | .725 | .60 |
| Capital expenditures | 76,456,866 | 85,415,509 |
| Provision for depreciation charged to operations | 27,577,955 | 23,523,698 |

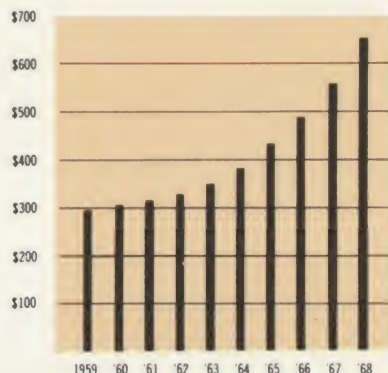
FINANCIAL CONDITION AT DECEMBER 31

| | | |
|--------------------------------|-------------|-------------|
| Working capital | 89,829,433 | 104,251,970 |
| Plant and equipment, net | 351,536,222 | 306,475,525 |
| Long-term debt | 142,720,000 | 147,898,000 |
| Shareholders equity | 285,317,983 | 255,358,660 |
| Per share (Note) | 12.83 | 11.53 |
| Number of employees | 10,508 | 9,986 |
| Number of shareholders | 21,357 | 18,143 |

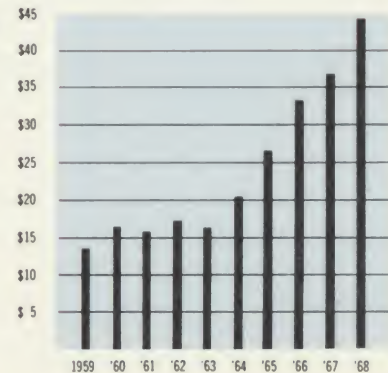
Note—Per share figures reflect two-for-one stock split in 1968.

REVIEW OF THE YEAR ...1968

NET SALES
(millions of dollars)



NET INCOME
(millions of dollars)



This report includes the operations of the Company and all of its subsidiaries. The following summary compares the operations of 1968 with 1967:

| In Thousands | | | |
|-------------------------------|-----------|-----------|----------|
| | 1968 | 1967 | Change |
| Barrels sold (all beers)..... | 18,393 | 15,535 | 2,858 |
| Net sales | \$652,707 | \$554,880 | \$97,827 |
| Cost of doing business..... | 560,046 | 487,730 | 72,316 |
| Income before taxes..... | 92,661 | 67,150 | 25,511 |
| Tax provision | 48,027 | 30,955 | 17,072 |
| Earnings | 44,634 | 36,195 | 8,439 |
| Per share | 2.01 | 1.63 | .38 |

The summary shown above reflects a 23% increase in earnings per share for 1968. The five year compounded growth rate of the Company's earnings per share is 22%.

The return on average shareholders equity for the year was 17% compared with 15% for 1967. The ratio of earnings to net sales was 7% for 1968.

Cash dividends of \$.725 per share were paid in 1968. This represented an increase of 21% over the \$.60 per share paid in 1967. The Company has paid cash dividends in each of the past 36 years, plus stock dividends in the years 1953, 1954 and 1966.

A condensed statement of beer volume and consolidated earnings by quarters is shown below:

| In Thousands | | | | |
|------------------------------|---------------|----------------|---------------|----------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Barrels sold (all beers).... | 4,038 | 4,410 | 5,064 | 4,881 |
| Net sales | \$142,590 | \$154,618 | \$181,341 | \$174,158 |
| Depreciation provision | 6,403 | 6,888 | 7,005 | 7,282 |
| Income before taxes | 18,077 | 21,618 | 30,096 | 22,870 |
| Earnings | 8,686 | 10,315 | 14,200 | 11,433 |
| Per share | .39 | .46 | .64 | .52 |



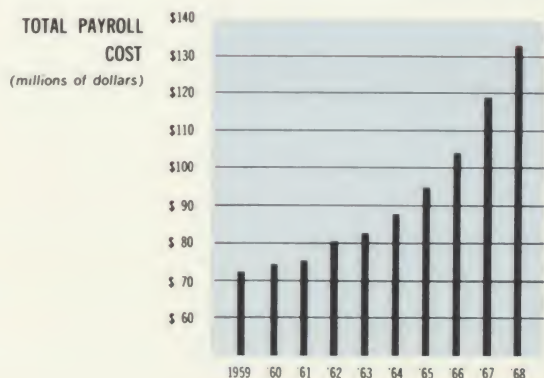
JACKSONVILLE BREWING PLANT

Construction on the next brewing plant to be brought on stream proceeded as planned during 1968 at Jacksonville, Florida. This 1.9 million barrel annual capacity plant is scheduled to begin shipping beer in mid-year and will supply northern Florida and the southeastern part of the nation.

This facility is designed to accommodate the exclusive Anheuser-Busch brewing processes and incorporates the most modern and efficient production methods available.

REVIEW OF THE YEAR

(continued)



Sales dollar allocations

A comparison of the changes in the analysis of the Company's sales dollar allocations for 1968 and 1967 is shown below:

| In Thousands | | | | |
|---|-----------|-------|-----------|-------|
| | 1968 | % | 1967 | % |
| For materials and supplies . . . | \$308,109 | 36.1 | \$264,759 | 36.2 |
| To governments for taxes . . . | 263,570 | 30.9 | 218,150 | 29.9 |
| To employees for salaries, wages and benefits | 128,467 | 15.1 | 115,777 | 15.8 |
| For all other costs and expenses | 107,826 | 12.7 | 95,606 | 13.1 |
| Total costs and expenses | 807,972 | 94.8 | 694,292 | 95.0 |
| Cash dividends paid to Shareholders | 16,117 | 1.9 | 13,343 | 1.8 |
| Earnings retained in business . . | 28,516 | 3.3 | 22,852 | 3.2 |
| Sales dollar | \$852,605 | 100.0 | \$730,487 | 100.0 |

Taxes

Total taxes applicable to 1968 operations (not including the many hidden taxes included in materials and services purchased) amounted to \$263,569,693. Total taxes for the last three years were:

| In Thousands | | | |
|---|-----------|-----------|-----------|
| | 1968 | 1967 | 1966 |
| Federal and state excise taxes on beer sold | \$199,898 | \$175,608 | \$152,304 |
| Federal and state income taxes . . | 48,028 | 30,955 | 29,860 |
| All other taxes | 15,644 | 11,587 | 9,461 |
| Total | \$263,570 | \$218,150 | \$191,625 |
| Per share | 11.85 | 9.85 | 8.69 |

Federal and state income taxes include a 10% surcharge on federal income taxes which amounted to \$4,339,000, or \$.20 per share in 1968.



COLUMBUS and MERRIMACK BREWING PLANTS

Within a two-month period last year—August and September—a new brewing plant was formally dedicated at Columbus, Ohio and ground was broken for another new brewery at Merrimack, New Hampshire.

Both plants are designed to produce 1.7 million barrels of beer annually. The Columbus plant is serving Ohio and adjacent states, and the Merrimack plant is scheduled to be completed in the middle of 1970 and will serve the northeastern part of the nation.



LAFAYETTE, INDIANA CORN REFINING PLANT

Built in a farming area which produces large quantities of corn, this plant has the capability of grinding 25,000 bushels of raw material a day. The finished products are corn syrup which is used extensively by the baking, candy, and ice cream industries, and corn starch which is used in specialty food processing applications, as well as by the paper and textile industries.

After the corn is ground and processed, the residual material is sold to producers of animal feeds for incorporation with other ingredients to produce a finished farm product.



Working capital

Working capital at December 31, 1968, was \$89,829,433 and working capital ratio was 2.3 to 1. Cash and marketable securities aggregated \$68,860,780.

The following statement summarizes the flow of funds for 1968:

| | In Thousands |
|---|--------------|
| | 1968 |
| SOURCE OF FUNDS | |
| Net earnings | \$44,634 |
| Non-cash charges against income | 36,313 |
| Sale of common stock under option plans | 1,443 |
| Other | 940 |
| Total | 83,330 |
| DISPOSITION OF FUNDS | |
| Additions to property accounts | 76,457 |
| Dividends paid | 16,117 |
| Long-term debt reduction | 5,178 |
| Total | 97,752 |
| Working capital decreased | \$14,422 |

Property

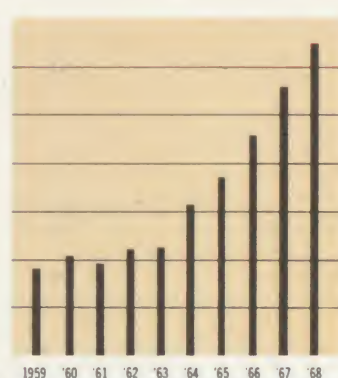
Capital expenditures amounted to \$76,456,866 in 1968 and \$325,227,000 over the past five years. The major expenditures in 1968 were for the new Columbus, Ohio brewery, and breweries under construction at Jacksonville, Florida and Merrimack, New Hampshire.

The following summary presents capital expenditures and depreciated values for the past five years:

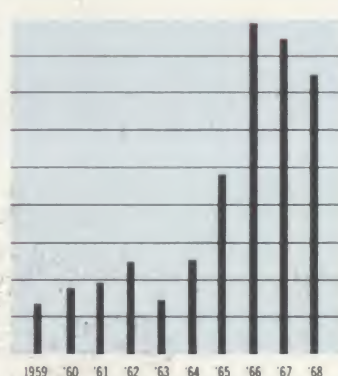
| | In Thousands | |
|-------------|--------------|----------------------------------|
| | Additions | Depreciated Value December 31 |
| 1964 | \$ 25,731 | \$145,135 |
| 1965 | 47,953 | 175,291 |
| 1966 | 89,671 | 244,883 |
| 1967 | 85,415 | 306,476 |
| 1968 | 76,457 | 351,536 |
| Total | \$325,227 | |

REVIEW OF THE YEAR

(continued)



**AMOUNT PROVIDED
FOR EXPANSION**
Retained Earnings
plus non-cash
charges against income
(millions of dollars)



**CAPITAL
ADDITIONS**
(millions of dollars)





BREWING TECHNICAL CENTER— TASTE PANEL

One of the most powerful elements which has influenced Company growth has been the commitment to uncompromising product quality.

Products are brewed with only the best of materials, and current processes are based on a proven tradition.

These materials and processes are necessary to maintain the distinctive tastes.

Product quality is controlled and tested by using the latest scientific aids.

But, the final analysis is the taste.

Expert tasters sample each product brewed at each brewery every day.

Samples are also flown to St. Louis daily for taste evaluation by the staff of the senior vice-president—brewing.

Thus there is the assurance that the ultimate consumer will receive an excellent product of consistent uniformity.



REVIEW OF THE YEAR

(concluded)

The Company uses guideline rates permitted by the Treasury Department in computing depreciation for tax purposes. The resultant tax reduction has been credited to deferred income taxes.

The Company follows the policy of deferring the income tax reduction provided by the investment credit provision of the Revenue Act of 1962. These deferred investment credits will be reflected in income over the productive lives of the qualified property additions.

Shareholders

At the close of the year, shareholders numbered 21,357 compared with 18,143 at the end of 1967.

| | Holders of Record | Shares Held |
|--|----------------------|----------------|
| Men | 5,896 | 3,188,382 |
| Women | 5,677 | 3,871,783 |
| Joint names | 6,819 | 1,302,675 |
| Fiduciaries | 1,862 | 4,054,399 |
| Institutions, foundations, brokers, nominees and others | 1,103 | 9,829,592 |
| Total | 21,357 | 22,246,831 |

Employee relations

At December 31, 1968, employment was 10,508. Salaries and wages to officers and employees amounted to \$116,515,511. Pension, life insurance and welfare benefits aggregated \$11,951,333; payroll taxes totaled \$4,186,443.

Farm products

The American farmer supplies the domestic hops, barley, rice and other grains used in the production of beer, corn for various corn products, and molasses used in the production of yeasts.

Farm products purchased by the Company in 1968 had an aggregate value of \$86,860,000.

Processing of brewers grains and corn produced 210,000 tons of high protein animal feed having a sales value of \$9,222,000.

In the brewing of Budweiser, the Company is one of the few breweries using rice exclusively as an adjunct grain to barley malt.

Research

Research and development continues to play an important role in the Company's search for product diversification. During 1968, research emphasis was placed on the development of new products for the industrial, institutional and consumer markets. In addition to the development of new products, greater effort has been directed toward the expansion and improvement of existing product lines as well as upgrading by-products from our brewing and corn refining operations. A successful recruiting effort for our research staff was completed in 1968 and a proper balance is now established between applied and exploratory research.

St. Louis Cardinals

In 1968 the St. Louis Baseball Cardinals repeated as National League Champions. They were defeated 4 games to 3 in the World Series by the Detroit Tigers. For the second straight year the Cardinals attracted 2 million fans to Civic Center Busch Memorial Stadium.

The Cardinals 1968 earnings of \$821,577 have been included as a separate item in the consolidated financial statements. The Cardinals will receive \$2,000,000 over a 5 year period (1968-1972) as a result of the expansion of the National League from 10 to 12 teams. Of this amount, \$200,000 was received and reported as income in 1968. The balance of \$1,800,000 will be reported as income by the Cardinals in the years the payments are received.

Management changes

During 1968 the following officer appointments were made:

February 12 — Jerry E. Ritter
Controller

April 24 — Walter C. Reisinger
Vice President

July 1 — John L. Hayward
Secretary

December 13 — Charles S. Aulbert
Vice President

December 13 — Melvin H. Fritz
Vice President



ST. LOUIS CARDINALS

The Red Birds provided a season of exciting baseball action for the 2,011,000 fans who came to see them play in Busch Memorial Stadium. Finishing the regular season as National League Champions, the Cardinals met the Detroit Tigers in the World Series which was not decided until the seventh game when Bob Gibson pitched against Tiger Mickey Lolich in a losing effort for St. Louis.



CONSOLIDATED BALANCE SHEET



| Assets | December 31 1968 | December 31 1967 |
|--|----------------------|----------------------|
| Current Assets: | | |
| Cash (including certificates of deposit of \$24,235,000 in 1968 and \$24,527,034 in 1967) | \$ 33,222,635 | \$ 33,641,690 |
| Marketable securities (short-term), at cost which approximates market | 35,638,145 | 31,383,262 |
| Accounts and notes receivable, less allowance for doubtful accounts of \$550,000 | 33,159,845 | 35,744,487 |
| Inventories, at lower of cost or market, cost being determined under the "last-in, first-out" method for approximately 49% of total inventories in 1968— | | |
| Finished goods | 8,334,400 | 7,991,396 |
| Work in process | 13,235,953 | 10,233,484 |
| Raw materials and supplies | 36,306,998 | 32,802,404 |
| Total current assets | 159,897,976 | 151,796,723 |
| Investments and Other Assets: | | |
| St. Louis National Baseball Club, Inc. (Note 1) | 5,287,114 | 4,465,537 |
| Lianco Container Corporation (Note 1) | 600,000 | 600,000 |
| Civic Center Redevelopment Corporation | 50,000 | 1,287,500 |
| Deferred charges and other non-current assets | 9,674,224 | 9,190,047 |
| | 15,611,338 | 15,543,084 |
| Plant and Equipment, at cost: | | |
| Land | 14,849,661 | 13,998,460 |
| Buildings | 183,102,551 | 158,061,047 |
| Machinery and equipment | 288,640,631 | 263,483,599 |
| Construction in progress | 55,431,551 | 45,880,166 |
| Other real estate | 2,155,467 | 2,350,005 |
| | 544,179,861 | 483,773,277 |
| Less accumulated depreciation | 192,643,639 | 177,297,752 |
| | 351,536,222 | 306,475,525 |
| | \$527,045,536 | \$473,815,332 |

ANHEUSER-BUSCH INCORPORATED *and subsidiaries*

Liabilities

December 31
1968

December 31
1967

Current Liabilities:

| | | |
|--|---------------|---------------|
| Accounts payable | \$ 24,075,958 | \$ 22,753,800 |
| Accrued salaries and wages | 7,710,383 | 5,747,148 |
| Accrued taxes, other than income taxes | 13,004,956 | 11,151,653 |
| Estimated federal and state income taxes | 21,044,180 | 3,666,732 |
| Other current liabilities | 4,233,066 | 4,225,420 |
| Total current liabilities | 70,068,543 | 47,544,753 |

Long-Term Debt:

| | | |
|--|-------------|-------------|
| 4 $\frac{3}{4}$ % notes payable maturing 1970 to 1976 | 1,868,000 | 2,156,000 |
| 3 $\frac{3}{8}$ % debentures maturing 1970 to 1977, less \$767,000 in treasury in 1968 and \$1,285,000 in 1967 | 11,138,000 | 12,110,000 |
| 4 $\frac{1}{2}$ % debentures maturing 1970 to 1989, less \$2,697,000 in treasury in 1968 and \$1,368,000 in 1967 | 35,403,000 | 38,632,000 |
| 5.45% debentures maturing 1971 to 1991 less \$689,000 in treasury in 1968 | 44,311,000 | 45,000,000 |
| 6% debentures maturing 1975 to 1992 | 50,000,000 | 50,000,000 |
| | 142,720,000 | 147,898,000 |

| | | |
|---|------------|------------|
| Accumulated Deferred Income Taxes | 18,148,716 | 14,190,657 |
|---|------------|------------|

| | | |
|--|------------|-----------|
| Accumulated Deferred Investment Tax Credit Being Amortized | 10,790,294 | 8,823,262 |
|--|------------|-----------|

Shareholders Equity (Notes 2 and 3):

| | | |
|--|---------------|---------------|
| Common stock, \$1 par value, authorized 30,000,000 shares; issued 22,517,025 shares | 22,517,025 | 22,420,878 |
| Capital in excess of par value (principally arising from stock dividends) | 69,200,153 | 67,853,296 |
| Retained earnings | 196,812,857 | 168,296,538 |
| | 288,530,035 | 258,570,712 |
| Less cost of 270,194 shares of treasury stock | 3,212,052 | 3,212,052 |
| | 285,317,983 | 255,358,660 |
| | \$527,045,536 | \$473,815,332 |

The above statement should be read in conjunction with the Notes to Consolidated Financial Statements appearing on page 20 of this report.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS



| | 1968 | 1967 |
|--|---------------|---------------|
| Sales | \$852,604,828 | \$730,487,446 |
| Less federal and state beer taxes | 199,898,033 | 175,607,666 |
| | 652,706,795 | 554,879,780 |
| Costs and Expenses (Notes 4 and 5): | | |
| Cost of products sold | 477,183,709 | 408,058,598 |
| Marketing, administrative and general expenses | 82,472,206 | 78,766,149 |
| | 559,655,915 | 486,824,747 |
| | 93,050,880 | 68,055,033 |
| Other Income and Expenses: | | |
| Interest income | 3,759,756 | 2,315,167 |
| Interest expense | (7,663,748) | (5,985,152) |
| Net income St. Louis National Baseball Club, Inc. | 821,577 | 881,535 |
| Purchase discounts, other income and expenses, net | 2,693,016 | 1,883,723 |
| Income before income taxes | 92,661,481 | 67,150,306 |
| Provision for Income Taxes: | | |
| Current | 42,102,624 | 21,446,411 |
| Deferred | 5,925,091 | 9,509,022 |
| | 48,027,715 | 30,955,433 |
| Net income (per share: 1968—\$2.01; 1967—\$1.63) | 44,633,766 | 36,194,873 |
| Retained earnings at beginning of year | 168,296,538 | 145,444,279 |
| | 212,930,304 | 181,639,152 |
| Cash dividends: | | |
| Anheuser-Busch, Incorporated—\$.725 per share in 1968 and \$.60 per share in 1967 | 16,117,447 | 13,146,457 |
| Acquired companies | | 196,157 |
| Retained earnings at end of year | \$196,812,857 | \$168,296,538 |

*The above statement should
be read in conjunction with
the Notes to Consolidated
Financial Statements
appearing on page 20
of this report.*

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

| | 1968 | 1967 |
|---|----------------|---------------|
| Funds were provided by: | | |
| Operations — | | |
| Net income for the year | \$ 44,633,766 | \$ 36,194,873 |
| Charges to operations not involving cash — | | |
| Depreciation | 27,577,955 | 23,523,698 |
| Closing of St. Louis corn processing plant..... | 2,810,000 | |
| Deferred income taxes | 3,958,059 | 5,042,000 |
| Deferred investment tax credit | 1,967,032 | 4,467,022 |
| | 80,946,812 | 69,227,593 |
| Sale of debentures | | 50,000,000 |
| Sale of common stock under option plans | 1,443,004 | 1,068,539 |
| Other changes, net | 939,960 | (1,879,555) |
| | 83,329,776 | 118,416,577 |
| Funds were applied to: | | |
| Capital expenditures | 76,456,866 | 85,415,509 |
| Cash dividends paid | 16,117,447 | 13,342,614 |
| Reduction of long-term debt | 5,178,000 | 1,395,000 |
| | 97,752,313 | 100,153,123 |
| Increase (decrease) in working capital | \$(14,422,537) | \$ 18,263,454 |

To the Shareholders and Board of Directors
of Anheuser-Busch, Incorporated

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and retained earnings and source and application of funds present fairly the financial position of Anheuser-Busch, Incorporated and its subsidiaries at December 31, 1968, the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

St. Louis
February 10, 1969

PRICE WATERHOUSE & Co.

**INDEPENDENT
ACCOUNTANTS
OPINION...**

TEN YEAR FINANCIAL SUMMARY

(Thousands)



Sales and Earnings

| | 1968 | 1967 | 1966 |
|----------------------------------|-----------|-----------|-----------|
| Barrels sold | 18,393 | 15,535 | 13,575 |
| Net sales | \$652,707 | \$554,880 | \$485,063 |
| Depreciation | 27,578 | 23,524 | 18,955 |
| Direct payroll | 116,516 | 106,260 | 93,895 |
| Income before income taxes | 92,661 | 67,150 | 63,487 |
| Net income | 44,634 | 36,195 | 33,627 |
| Net income per share | 2.01 | 1.63 | 1.52 |

Dividends (Anheuser-Busch, Incorporated)

| | | | |
|--------------------------------|--------|--------|--------|
| Total cash dividends | 16,117 | 13,146 | 10,806 |
| Cash dividends per share | .725 | .60 | .50 |

Balance Sheet Information

| | | | |
|--------------------------------------|---------|---------|---------|
| Working capital | 89,829 | 104,252 | 85,989 |
| Plant and equipment, net | 351,536 | 306,476 | 244,883 |
| Capital expenditures | 76,457 | 85,416 | 89,671 |
| Long-term debt | 142,720 | 147,898 | 99,293 |
| Deferred income taxes | 18,149 | 14,191 | 9,149 |
| Deferred investment tax credit | 10,790 | 8,823 | 4,356 |
| Shareholders equity | 285,318 | 255,359 | 231,438 |

| 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 11,841 | 10,370 | 9,397 | 9,035 | 8,508 | 8,477 | 8,065 |
| \$427,698 | \$380,711 | \$347,414 | \$330,942 | \$313,380 | \$312,404 | \$299,637 |
| 16,102 | 14,805 | 13,461 | 12,500 | 11,438 | 10,816 | 10,310 |
| 85,809 | 78,326 | 74,725 | 71,950 | 68,059 | 67,066 | 64,547 |
| 51,158 | 40,523 | 32,872 | 35,582 | 31,527 | 34,486 | 30,372 |
| 26,732 | 20,342 | 15,987 | 17,185 | 15,461 | 15,903 | 13,609 |
| 1.22 | .92 | .73 | .78 | .70 | .72 | .63 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 9,491 | 8,050 | 7,851 | 7,359 | 7,346 | 6,820 | 6,040 |
| .44 | .37 | .36 | .34 | .34 | .32 | .28 |

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| 81,926 | 95,436 | 54,757 | 49,938 | 54,491 | 51,846 | 49,226 |
| 174,902 | 144,368 | 133,544 | 131,970 | 120,310 | 117,073 | 110,799 |
| 47,953 | 25,731 | 15,476 | 25,094 | 19,945 | 17,176 | 14,357 |
| 53,497 | 55,760 | 18,049 | 19,584 | 21,102 | 24,493 | 25,716 |
| 6,604 | 3,575 | 50 | 25 | | | |
| 2,447 | 2,026 | 1,540 | 263 | | | |
| 207,376 | 191,363 | 179,246 | 171,247 | 161,558 | 153,309 | 143,564 |

Per share statistics have been adjusted to give effect to the two-for-one stock split and 10% stock dividend in 1965 and the two-for-one stock split in 1968.

Restated for years prior to 1967 to include data for companies acquired in 1967 on a pooling of interests basis and the net income of St. Louis National Baseball Club, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the Company and all of its subsidiaries. St. Louis National Baseball Club, Inc. and Lianco Container Corporation are included on an equity basis.

NOTE 2 — CHANGES IN CAPITAL:

On April 24, 1968, the shareholders increased the authorized common stock from 15,000,000 shares to 30,000,000 shares and approved a two-for-one split of the Company's common stock by changing each share of \$2 par value into two shares of \$1 par value. Earnings and dividends per share in 1967 and 1968, as well as the following data relating to stock options, have been adjusted to reflect the stock split.

Under the 1955 stock option plan (which has been terminated and under which no further options may be granted), options granted to officers and key employees covering 88,900 shares of common stock remain outstanding and exercisable at December 31, 1968. These options, which expire in 1969 and 1971, are priced at 95% or 100% of the fair market value at the date granted and range in price from \$12.07 to \$14.97 per share. During 1968, options covering 88,128 shares were exercised at prices ranging from \$12.07 to \$14.97 per share.

Under a stock option plan, adopted by the shareholders in 1967, 1,064,305 shares of common stock were reserved at December 31, 1968 for issuance to officers and key employees. Options granted under this plan expire in 1972 and 1973 and the option price is 100% of fair market value of the shares at date granted. At December 31, 1968, options covering 171,981 shares were outstanding and range in price from \$40.75 to \$68.13 per share. During 1968, options covering 8,019 shares were exercised at a price of \$40.75 per share. Options covering 47,093 shares were exercisable at December 31, 1968.

Proceeds from the sale of common stock under the plans totaled \$1,443,004 of which \$1,346,857, representing the excess of option prices over par value, has been credited to capital in excess of par value.

NOTE 3 — RETAINED EARNINGS RESTRICTION:

The indentures under which the Company's long-term debt is issued contain provisions which limit the amount of retained earnings available for cash dividends. Under the most restrictive of these provisions, retained earnings at December 31, 1968 were restricted to the extent of \$68,856,000 against the payment of cash dividends.

NOTE 4 — PENSION PLANS:

The Company has several pension plans covering substantially all of its employees. The total pension expense was \$7,782,000 in 1968 and \$5,972,000 in 1967. Salaried employees are covered under a trustee pension plan which was amended during the year to provide additional employee benefits. This amendment had the effect of reducing net income for the year by approximately \$500,000. Prior service cost under the salaried employee's plan amounted to \$6,400,000 at December 31, 1968 and is being amortized over a 15 year period. Pension plans have been adopted for hourly-paid employees under agreements with the unions representing such employees. Obligations for contributions under these plans are based on an amount per employee as defined in the various labor agreements. The Company follows the practice of funding all pension costs accrued.

NOTE 5 — DEPRECIATION:

The provision for depreciation amounted to \$27,577,955 in 1968 and \$23,523,698 in 1967. Depreciation is computed principally on the sum-of-the-years-digits method for property acquired after December 31, 1953 and on the straight-line method for property acquired prior to that date.

NOTE 6 — COMMITMENTS AND CONTINGENCIES:

In connection with the plant expansion and improvement program, the Company has commitments for capital expenditures totaling about \$56,600,000 at December 31, 1968.

Under an agreement with the Company's can manufacturing facility, Lianco Container Corporation, the Company is obligated as a guarantor, to the extent of 60%, for the payment of principal and interest on bank loans incurred by Lianco amounting to \$7,500,000 at December 31, 1968.

On January 11, 1967, Beverage Distributors, Inc., (a former wholesaler of the Company, whose relationship as wholesaler had been terminated by the Company) filed suit against the Company in the Circuit Court in Los Angeles, California, requesting a permanent injunction against the Company from engaging in certain alleged illegal acts and also claiming damages in the amount of \$20,000,000. In May of 1968 the same corporation filed suit in the United States District Court for the Northern District of California, alleging violations by Anheuser-Busch, Inc. of Sections 1 and 2 of the Sherman Act, and seeking a permanent injunction against Anheuser-Busch, Inc. from engaging in certain alleged illegal acts and treble damages based upon its alleged loss of net profits. The Company is contending that the cases are without merit and is taking steps to defend them.

In May 1968 the Company filed suit in the United States District Court for the Western District of Pennsylvania against Pittsburgh Brewing Company, Inc. and DuBois Brewing Company asking that the defendants be enjoined and restrained from using certain of the Company's registered trademarks in connection with defendants' advertising or sale of beer products. In addition, the Company has asked for an accounting and for damages resulting from the infringement of its registered trademarks by defendants.

The Company was defendant in certain other lawsuits at December 31, 1968, the ultimate outcome of which cannot be determined at this time. The Company's liability under such suits, if any, would not materially affect its financial condition or operations.



The Anheuser-Busch Industrial Products Division...a growing, diversified supplier of natural and synthetic raw materials...serving industries that serve you.

BULK AND SPECIALTY: Food starches, dextrines, bakers yeast, corn syrups, enrichment wafers, diastatic supplement, oleomargarine, dried and frozen eggs, synthetic resins, chemical food preservatives, paper and textile sizing materials.

ANHEUSER-BUSCH
INDUSTRIAL PRODUCTS DIVISION



WINNER OF THE
NATIONAL TROPHY

Tournament of Roses Entry

"Gypsy Days"

Entered for the
City of St. Louis,
January 1, 1969

Drawn by the Anheuser-Busch Clydesdale eight-horse hitch, the float depicted a gypsy scene at the turn of the century. The entry consisted of a picturesque gypsy wagon with a large field of tulips behind it. This was the 16th Rose Parade entry for the City of St. Louis, and all have won prizes.

